

AR33

Trojan Consolidated Mines Limited, (n.p.l.)

**13th
ANNUAL
REPORT**

COVER STORY

The cover photograph shows the typical rugged scenery of the Dawson Range in the Yukon where Trojan is participating in a Joint Venture on five separate properties.

Trojan Consolidated Mines Limited, (n.p.l.)

OFFICERS	Patrick A. Cramond, Chairman of the Board S. David Anfield, President H.A. Briden, Secretary
DIRECTORS	S.D. Anfield H.A. Briden A.J. Chilcott P.A. Cramond G. Lindemere R.A. White
HEAD OFFICE	848 West Hastings Street, Vancouver 1, British Columbia
REGISTERED OFFICE	850 West Hastings Street, Vancouver 1, British Columbia
AUDITORS	Riddell, Stead & Co., 505 Burrard Street, Vancouver 1, British Columbia
SOLICITORS	Anfield & Company, 850 West Hastings Street, Vancouver 1, British Columbia
REGISTRAR & TRANSFER AGENTS	Canada Permanent Trust Company, 455 Granville Street, Vancouver 1, British Columbia
CONSULTANTS	Gavin A. Dirom, P.Eng., 4554 West 6th Avenue, Vancouver 8, British Columbia Alrae Engineering Ltd., 844 West Hastings Street, Vancouver 1, British Columbia
CAPITALIZATION — Authorized Issued	7,000,000 shares, \$1 par value 6,320,002 shares
LISTING	Vancouver Stock Exchange

Report of the Board of Directors

On behalf of the Directors, it is a pleasure to present the annual report of Trojan Consolidated Mines Ltd. for 1969. The report covers the activities of the company during the year while the accompanying financial statements cover the period to the company's fiscal year end of December 31, 1969.

The company's principal assets remain centered in British Columbia's copper rich Highland Valley camp. Trojan's holdings in Valley Copper Mines Limited have a current market value of approximately \$8,000,000.00, based on a market price of \$17 per Valley Copper share.

Diamond drilling carried out in 1969 on the company's Gnawed Mountain property in the Highland Valley has indicated possibilities of a large tonnage, low grade copper deposit and further work is planned for this property.

Both the Gnawed Mountain property and Trojan's holdings in Valley Copper Mines Limited are held through BX Mining Company Limited, a wholly-owned subsidiary.

The third area of interest for Trojan in the Highland Valley is the company's original property which was sold to South Seas Mining. This group is located immediately north of Bethlehem Copper Corporation. Under terms of the sales agreement with South Seas, minimum royalty payments of \$5,000 per year become due to Trojan in July 1970.

During the year, Trojan acquired three new property interests — two in mining and the third in oil and gas permits.

As a partner in the Dawson Range Joint Venture, the company holds a 16.04% interest in five properties totalling 204 claims in the Dawson Range area of the Yukon. This area has since become the centre of widespread staking following an announcement by Casino Silver Mines Limited of a multi-million tonnage low grade copper-molybdenum deposit. About 20,000 claims have been staked in the general area to date.

Trojan also acquired a 25% interest in three uranium permits located northeast of the Wollaston Lake area in the Northwest Territories. The permits cover approximately 400,000 acres.

The company's third new property interest is in five oil and gas permits totalling 159,568 acres on Ellesmere, Devon and Baffin Islands in the Arctic Circle. Trojan is partnered by London Pride Silver Mines Limited and Canadian Barranca Mines Limited. Each company holds a gross 33 1/3% interest and a net interest of 30%.

Exploration carried out by subsidiary companies in 1969 was reduced compared to previous years. Trojan holds a 50% interest in Tro-Buttle Exploration Limited — the balance is held by Buttle Lake Mining Company Limited — and a 37.5% interest in Dominic Lake Mining Limited. Recent exploration work and the current status of properties held by these companies is summarized in detail in this report.

The company is currently in a deficit cash position and funds are being obtained through bank loans against the company's Valley Copper holdings. The Board is now considering methods of placing the company in a stronger cash position, but does not want to sell more than 12,000 shares of Valley Copper Mines.

Additional financing is being considered. During the past year, the company sold 2,730 Valley Copper shares for \$75,075. The funds were used to finance part of last year's exploration programs. The company now holds 477,270 Valley Copper shares.

Active management of the Company has been taken over by Alex Briden and David Anfield. The Board of Directors made this decision during the year to give the company the services of more youthful management. As a result, the company's exploration and development programs are now being managed by Alrae Engineering Ltd. Gavin A. Dirom is still retained as Trojan's consulting engineer.

Shareholders are being asked to approve a special resolution to convert the company from a specially limited one to a limited one. This resolution will amend the objectives of the company allowing it greater scope.

The Board of Directors has passed this resolution, but stresses that it is not presented to move Trojan's activities from the field of natural resources. The resolution is designed to allow the company to take advantage of opportunities that arise outside the natural resources field, providing they are of merit.

The Directors would like to take this opportunity to express their sincere thanks to shareholders and employees of the company for their continued assistance and support during the year.

On behalf of the Board,



Patrick A. Cramond
Chairman

February 27, 1970

DAWSON RANGE JOINT VENTURE, Yukon Territory

The Dawson Range Joint Venture was formed early in 1969 to look for and acquire properties with porphyry copper-molybdenum potential in the Dawson Range area of the Yukon.

Trojan holds a 16.04% interest and is partnered by Great Plains Development Company of Canada Ltd., of Calgary, Straus Exploration Inc., of New York, and Molybdenum Corporation of America, of New York. The Joint Venture is managed by Archer, Cathro & Associates Ltd., of Vancouver.

The program got underway in the spring of last year and during the field season, a total of 6,000 square miles was covered. The area ranged to the east and west of Casino Silver Mines Ltd. which announced recently it had indicated a multi-million tonnage low grade copper-molybdenum deposit.

Five properties, totalling 204 claims, were staked and preliminary work was undertaken on all the properties with some encouraging results.

The 1970 program has been approved with a \$200,000 budget. Trojan's share of the 1969 program amounted to \$26,667 and its cost for the coming field season will be approximately \$33,000.

GNAWED MOUNTAIN, Highland Valley, British Columbia

Diamond drilling, totalling 5,736 feet in 10 holes, was carried out on this 12-claim property last year. The property is located close to the producing mine of Bethlehem Copper Corporation and the properties of Valley Copper Mines, Lornex Mining Corporation and Highmont Mining Corporation.

The diamond drilling indicates mineral potential of 19,000,000 tons averaging 0.3% copper and 0.005% molybdenite, or 45,000,000 tons averaging 0.26% copper and 0.005% molybdenite. This potential tonnage is contained in an area known as the Ann No. 1 Zone which measures 600 - 1,050 feet wide and 1,200 - 2,200 feet long. These estimates are for an approximate vertical depth of 400 feet.

While the grade is undoubtedly low — at 80 - 85% recovery 0.3% copper would yield 5.00 lbs. per ton and 0.26% copper would yield 4.25 lbs. per ton — further work is definitely warranted and is planned for this summer.

Consultant Gavin A. Dirom points out in a summary report that fill-in drilling is required on the Ann No. 1 Zone and that drilling is also required to test for depth extensions. Additional work to test other anomalous zones is also warranted.

The Gnawed Mountain property is one of the original discovery showings in the Highland Valley which were worked in the early 1900's.

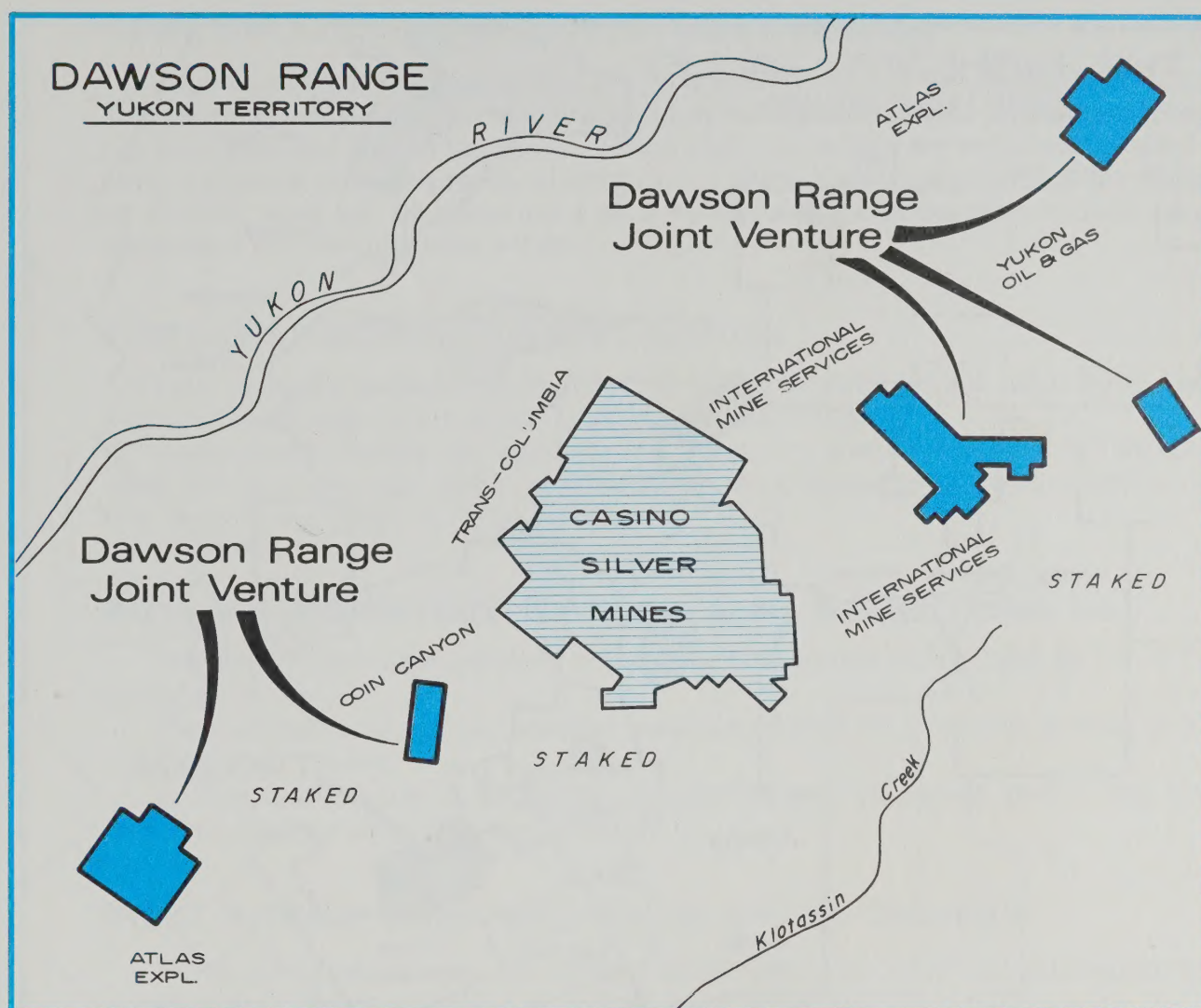
Current grade and tonnage indications are definitely encouraging. If additional tonnage can be located and the grade improved slightly, the property may become a profitable producer in future years.

SOUTH SEAS MINING, Highland Valley, British Columbia

Under the agreement with South Seas Mining, Trojan will receive \$5,000 per year from July 1970 as a minimum royalty payment until the property is placed into production.

Once the property is placed into production, Trojan will receive 20¢ per ton for the first 2,500 tons per day; 15¢ per ton between 2,500 tons and 5,000 tons per day; and 10¢ per ton over 5,000 tons per day.

The Northern Miner reported in October of last year that South Seas had entered into an agreement with Pechiney Development Limited, the Canadian subsidiary of



the French major. Under terms of the agreement, Pechiney may earn a 50% interest in the property after exploration and development expenditures of \$600,000. Over and above this figure, Pechiney will advance all the necessary funds, but South Seas will retain a 50% interest.

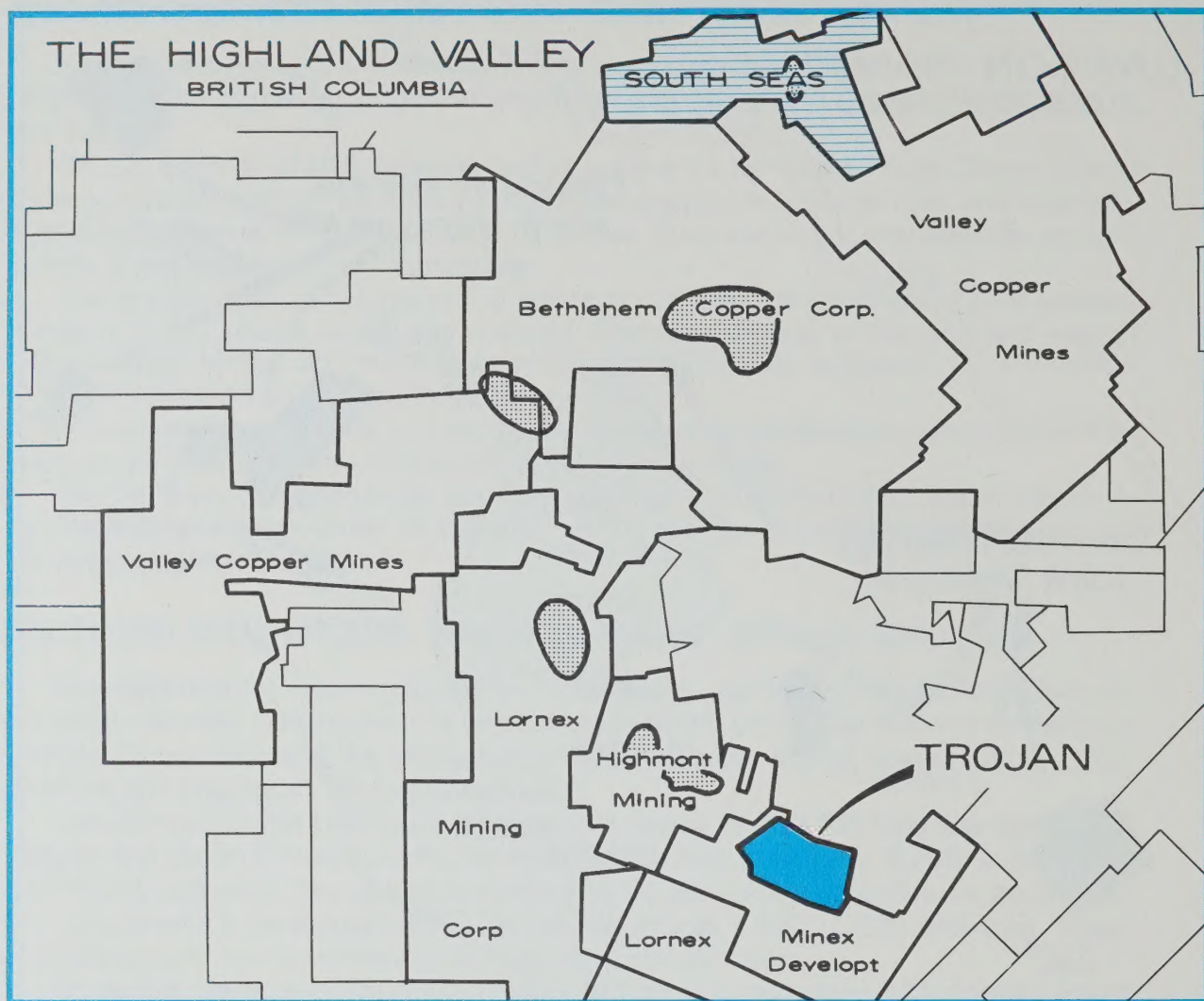
If the South Seas property is placed into production, it would provide Trojan with a fairly substantial source of income. Production at a rate of 500 tons per day on a 300-day a year basis would yield an annual income of \$30,000 per year; a rate of 1,000 tons per day would yield \$60,000; and a rate of 2,500 tons per day would yield \$150,000 per year.

URANIUM PROJECT, Northwest Territories

Trojan holds a 25% interest in three permits located immediately south of Pelly Lake in the Northwest Territories, Kary Explorations of Calgary holds a 50% interest and the remaining 25% interest is privately held.

In the fall of last year, a contract for aerial radiometric and scintillometer surveys was let. The surveys were to be flown over a number of other permits in the same area as well, but bad weather did not permit the surveys to be started.

Extensions are now being sought so that the surveys may be flown in the spring or early summer, of this year.



OIL & GAS PROJECT, Arctic Circle

Trojan holds an undivided 30% interest in five permits located on Ellesmere, Devon and Baffin Islands in the Canadian Arctic. London Pride Silver Mines Limited and Canadian Barranca Mines Limited — both of Vancouver — each hold an undivided 30% interest and the balance of 10% is held privately.

Three of the permits are located on the southwestern corner of Ellesmere Island. The fourth permit is located in the southwestern part of the Devon Island Plateau, while the fifth permit is located on the northernmost part of Brodeur Peninsula in the north-west corner of Baffin Island.

Consulting engineer W.R. Newman Ph.D., P.Eng., has recommended that a photo-geological study be made, followed by surface geological mapping. It is also recommended that seismic surveys then follow up to test the most promising areas.

It is planned to carry out these recommendations, either on a joint basis with other permit holders in the area or with partners this summer.

KARE GROUP, Babine Lake, British Columbia

Trojan's interest in this 73-claim property is held through Tro-Buttle Exploration. The property was held under option by McIntyre Porcupine Mines Limited to December 31, 1969, and during the option period McIntyre drilled six holes which failed to cut any commercial values or locate the source of the copper-geochemical anomalies.

Further work will be dependent on a re-appraisal of exploration to-date, which includes a ground magnetic survey.

TOPLEY LANDING, British Columbia

This 152-claim prospect is held by Tro-Buttle Exploration and adjoins the Tachi property which was under option to Noranda Exploration.

Geological mapping and geochemical surveying were carried out in the fall of 1969, but no new targets were outlined by the work. Some further exploration in certain areas of the property is warranted.

ASTLAIS MOUNTAIN, Smithers area, British Columbia

The Astlais Mountain property consists of two groups and is held by Tro-Buttle Exploration.

The northern or Cu group, consists of 17 claims and the southern, or Mert group, consists of 27 claims.

Further work involving additional prospecting and geological studies has been recommended by consultant Gavin Dirom.

PORT HARDY, Vancouver Island, British Columbia

Three groups were originally staked, but results of geochemical and geophysical survey were disappointing and no further work is planned.

A total of 30 claims are being held in good standing.

The property is held through Tro-Buttle Exploration.

MORRISON LAKE, Smithers area, British Columbia

This 115-claim copper-molybdenum property is held through Tro-Buttle Exploration and was optioned to Canadian Superior Exploration in 1968.

Extensive geophysical surveying combined with percussion drilling was carried out by Canadian Superior with negative results, and no further work is planned by Canadian Superior.

DOMINIC LAKE, Greenstone Mountain, British Columbia

The Dominic Lake property originally consisted of 254 claims held through Dominic Lake Mining and Tro-Buttle Exploration. Over the past three years, different sections have been tested, but results have been disappointing.

The most recent work was carried out in October last year on a 30-claim area near Roper Lake.

A total of 87 claims remain in good standing, but no further exploration is contemplated at present.

Trojan Consolidated Mines Ltd. (N.P.L.)

BALANCE SHEET AS AT DECEMBER 31, 1969

ASSETS

	December 31, 1969	March 31, 1969	March 31, 1968
CURRENT ASSETS			
Cash.....	\$ —	\$ 25,277	\$ 43,077
Marketable securities (Note 1).....	1	57,801	57,801
Accrued interest.....	—	84	180
	<u>1</u>	<u>83,162</u>	<u>101,058</u>
INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANIES (Notes 2 and 8).....	145,615	132,615	92,784
INVESTMENT IN MINERAL EXPLORATION SYNDICATE (Note 3)	26,717	—	—
MINING CLAIMS at nominal value (Note 4).....	1	1	1
OIL AND GAS PERMITS at cost (Note 5).....	3,742	—	—
PROSPECTING PERMITS at cost (Note 6).....	44,332	40,814	—
INCORPORATION EXPENSE.....	1,569	1,569	1,569
	<u>\$ 221,977</u>	<u>\$ 258,161</u>	<u>\$ 195,412</u>

LIABILITIES

CURRENT LIABILITIES			
Bank indebtedness.....	\$ 46,341	\$ —	\$ —
Accounts, payable and accrued.....	2,762	700	972
Due to Buttle Lake Mining Company Limited (N.P.L.).....	—	—	11,919
	<u>49,103</u>	<u>700</u>	<u>12,891</u>
DUE TO B.X. MINING COMPANY LIMITED (NON-PERSONAL LIABILITY).....	1,726	71,574	—
PAYMENTS RECEIVED ON OPTION AGREEMENT (Note 4).....	—	16,500	16,500
COMMITMENTS (Notes 3 and 6)			

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 7)			
Authorized 7,000,000 shares of \$1 each par value			
Issued 6,320,002 shares.....	2,265,901	2,265,901	2,258,901
DEFICIT.....	2,094,753	2,096,514	2,092,880
	<u>171,148</u>	<u>169,387</u>	<u>166,021</u>

SIGNED ON BEHALF OF THE BOARD

Pharmond

Director

D. Dennis Angell

Director

\$ 221,977	\$ 258,161	\$ 195,412
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Trojan Consolidated Mines Ltd. (N.P.L.)

STATEMENT OF ADMINISTRATIVE EXPENSE FOR THE NINE MONTHS ENDED DECEMBER 31, 1969

	Nine Months Ended December 31, 1969	Year Ended March 31, 1969
EXPENSE		
Management services, legal and audit	\$ 6,938	\$2,265
Other administrative	5,959	4,332
Directors' remuneration	—	3,382
	<u>12,897</u>	<u>9,979</u>
INVESTMENT INCOME	1,682	6,345
	<u>11,215</u>	<u>3,634</u>
LOSS ON SALE OF INVESTMENTS	3,524	—
NET ADMINISTRATIVE EXPENSE	<u>\$14,739</u>	<u>\$3,634</u>

STATEMENT OF DEFICIT FOR THE NINE MONTHS ENDED DECEMBER 31, 1969

	Nine Months Ended December 31, 1969	Year Ended March 31, 1969	Year Ended March 31, 1968
BALANCE AT BEGINNING OF PERIOD	\$2,096,514	\$2,092,880	\$1,977,309
Write-off of administrative expense	14,739	3,634	—
Write-off of claims and related expenditures	—	—	87,154
Reduction of investments to nominal value	—	—	28,417
	<u>2,111,253</u>	<u>2,096,514</u>	<u>2,092,880</u>
Forfeited payments under option agreement (Note 4).	16,500	—	—
BALANCE AT END OF PERIOD	<u>\$2,094,753</u>	<u>\$2,096,514</u>	<u>\$2,092,880</u>

AUDITORS' REPORT

To The Shareholders,
Trojan Consolidated Mines Ltd.,
(Non-Personal Liability)

We have examined the balance sheet of Trojan Consolidated Mines Ltd. (Non-Personal Liability) as at December 31, 1969 and the statements of administrative expense, deficit and source and application of funds for the nine months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the nine months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD & CO.
Chartered Accountants
Vancouver, B.C.

February 7, 1970.

Trojan Consolidated Mines Ltd. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE NINE MONTHS ENDED DECEMBER 31, 1969

	Nine Months Ended December 31, 1969	Year Ended March 31, 1969	March 31, 1968
SOURCE OF FUNDS			
Transfer of fixed assets to affiliated company	\$ —	\$ —	\$ 2,924
Recovery of exploration and development costs from affiliated companies.	—	—	28,064
Advances from B.X. Mining Company Limited (Non-Personal Liability).	—	71,574	—
	<u>—</u>	<u>71,574</u>	<u>30,988</u>
APPLICATION OF FUNDS			
Net administrative expense	14,739	3,634	—
Investments in and advances to affiliated companies	13,000	32,831	48,059
Investment in mineral exploration syndicate	26,717	—	—
Purchase of oil and gas permits	3,742	—	—
Purchase of prospecting permits	3,518	40,814	—
Repayment of advances from B.X. Mining Company Limited (Non-Personal Liability).	69,848	—	—
Exploration, development and administrative expenditures	—	—	3,260
Revaluation of marketable securities	—	—	11,554
	<u>131,564</u>	<u>77,279</u>	<u>62,873</u>
DECREASE IN WORKING CAPITAL	131,564	5,705	31,885
Working capital at beginning of period	82,462	88,167	120,052
WORKING CAPITAL (DEFICIENCY) AT END OF PERIOD	<u>\$(49,102)</u>	<u>\$82,462</u>	<u>\$88,167</u>

Trojan Consolidated Mines Ltd. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 1969

1. MARKETABLE SECURITIES

The investment consists of 438,700 shares of Mexuscan Development Corp. Ltd., carried at a nominal value of \$1.00.

2. INVESTMENT IN AND ADVANCES TO AFFILIATED COMPANIES

	December 31, 1969			March	March
	Number of Shares	Percentage Interest	Cost	31, 1969 Cost	31, 1968 Cost
SUBSIDIARY					
B.X. Mining Company Limited (Non-Personal Liability) (Note 8)					
Shares.....	1,060,005	100%	\$ 7,001	\$ 7,001	\$ 1
Advances			—	—	1,908
			<u>7,001</u>	<u>7,001</u>	<u>1,909</u>
AFFILIATES					
Dominic Lake Mining Ltd. (N.P.L.)					
Shares.....	281,250	37½%	30,632	30,632	30,632
Advances			37,664	37,664	36,662
			<u>68,296</u>	<u>68,296</u>	<u>67,294</u>
Tro-Buttle Explorations Ltd. (N.P.L.)					
Shares.....	645,002	50%	1,500	1,500	1,500
Advances			65,399	52,399	19,581
			<u>66,899</u>	<u>53,899</u>	<u>21,081</u>
Roper Lake Mining Ltd. (N.P.L.)					
Shares.....	1	50%	1	1	1
Advances			3,418	3,418	2,499
			<u>3,419</u>	<u>3,419</u>	<u>2,500</u>
			<u>\$145,615</u>	<u>\$132,615</u>	<u>\$92,784</u>

The amounts shown as investments in and advances to affiliated companies do not purport to be the present or realizable values.

3. INVESTMENT IN MINERAL EXPLORATION SYNDICATE

The company has entered into a syndicate agreement for the purpose of financing a prospecting and exploration program in the Yukon Territories. Under the terms of the agreement, the company has contributed \$26,717 to the Syndicate during the nine months ended December 31, 1969 and must contribute a further \$36,788 in four instalments prior to August 30, 1970.

4. MINING CLAIMS

(a) The company in conjunction with Buttle Lake Mining Company Limited, entered into an option agreement dated December 15, 1965 with McIntyre Porcupine Mines Ltd. regarding claims AN #1 to #52 in the Pine Point region which are owned jointly by Trojan Consolidated Mines and Buttle Lake Mining Company.

Although the claims are in good standing until April 1975, the option was not exercised and the \$16,500 that was received by the Company under the agreement, has been transferred to deficit.

(b) Under an option agreement with South Seas Mining Company Limited, the Company sold certain mining properties to South Seas. Trojan Consolidated is entitled to receive a royalty commencing July 20, 1970 which is based upon the number of tons of ore milled by South Seas. The royalty which includes a minimum payment of \$5,000 per year is to be calculated as follows:

- (a) 20 ¢ per ton up to 2,500 tons per day.
- (b) 15¢ per ton between 2,500 tons and 5,000 tons per day.
- (c) 10¢ per ton over 5,000 tons per day.

Trojan Consolidated Mines Ltd. (N.P.L.)

Notes to Financial Statements (continued)

5. OIL AND GAS PERMITS

By agreement dated October 30, 1969 between the Company, London Pride Silver Mines Ltd. (N.P.L.), Canadian Barranca Mines Ltd. and William Roy Newman, the Company has acquired a one-third interest in five exploratory permits in the Arctic Islands, subject to Newman being entitled to 10% of any benefits received by Trojan Consolidated, London Pride Silver Mines and Barranca Mines from the said permits.

6. PROSPECTING PERMITS

The Company is the beneficial owner of a one-quarter interest in prospecting permits numbered 157, 158 and 159, covering an area of 443,320 acres in the Northwest Territories subject to a 2½% net smelter royalty to be paid to an original vendor out of any future revenues.

The Company has agreed to share in the cost of certain airborne geophysical surveys on the above property, with a maximum cost to the Company of \$61,500. However by expending these amounts the Company is eligible to recover from the Government of Canada the \$44,332 that was originally expended to purchase these permits.

7. CAPITAL STOCK

Capital stock has been issued for the following consideration:

	<u>Number of Shares</u>	<u>Par Value</u>	<u>Discount and Commission</u>	<u>Net</u>
For cash.....	2,226,527	\$2,226,527	\$1,718,132	\$ 508,395
For other considerations.....	4,093,475	4,093,475	2,335,969	1,757,506
	<u>6,320,002</u>	<u>\$6,320,002</u>	<u>\$4,054,101</u>	<u>\$2,265,901</u>

Of the 4,093,475 shares issued for other considerations, 582,683 shares are held in escrow subject to the order of the Superintendent of Brokers of the Province of British Columbia and the Vancouver Stock Exchange.

8. SUBSIDIARY

On January 28, 1970 the directors of Trojan Consolidated Mines Ltd. resolved to cause its subsidiary, B.X. Mining Company Limited to commence voluntary liquidation proceedings, and to transfer its assets and liabilities to Trojan Consolidated. Accordingly consolidated financial statements of Trojan Consolidated and its subsidiary have not been prepared as of this date.

B.X. Mining Company Limited holds as its major assets an investment of 477,270 shares of Valley Copper Mines Ltd. and ten mineral claims situated on the west slope of Gnawed Mountain, in the Highland Valley Region on which B.X. has spent \$89,214 on exploration and development. The investment in Valley Copper Mines Ltd. had a market value at December 31, 1969 of \$20 per share.

The Department of National Revenue has made an assessment against B.X. Mining in the amount of \$26,275 for income tax (including interest) on the profit from sale of mineral claims which were exchanged for shares of Valley Copper Mines Ltd. These taxes were paid subsequent to December 31, 1969.



AR33

Feb 14

TROJAN
CONSOLIDATED MINES LTD.

Progress Report

January, 1966

TROJAN CONSOLI

DIRECTORS

P. A. CRAMOND
A. J. CHILCOTT
GORDON LINDEMERE
R. A. WHITE
S. DAVID ANFIELD
A. J. VALLEY

TRANSFER AGENT

CANADA PERMANENT TRUST CO.

LISTED

VANCOUVER STOCK EXCHANGE

ADMINISTRATIVE OFFICE

844 WEST HASTINGS STREET
VANCOUVER 1, B.C.

CAPITAL

Authorized:
7,000,000 SHARES OF \$1.00 PAR VALUE

Issued:
5,900,000 SHARES

REPORT OF THE DIRECTORS

To the Shareholders
of Trojan:

The directors are pleased to submit herewith the interim report of the company's activity since the annual meeting.

Participation is held by your company in three of the most interesting areas in the booming mining camps in Western Canada. Trojan Consolidated Mines Ltd. holds a 50% interest in three blocks of claims in the Pine Point area; has varying interests in three separate mining exploration ventures in the very active Highland Valley; is negotiating jointly with Buttle Lake for several large blocks of claims in the new Brenda Lake area of the Okanagan Valley; and has acquired a 50% interest in a block of claims in the Dominic Lake area located about half way between the Highland Valley camp and the Kamloops copper camp.

PINE POINT, N.W.T.

Your directors had been interested in the Pine Point Mines and had been studying and watching the progress in the area for some time. In March 1965 it was brought to the directors attention that Conwest Explorations had finished staking 800 claims and we sent H. L. Hill & Associates into the area to stake 200 claims in three blocks. The three blocks were named the TR group, the OJ group and the AN group.

Trojan paid some \$10,000 for the staking and then sold a 50% interest in each of the three groups to Buttle Lake Mining for \$20,000. A line cutting programme at 750 foot intervals was undertaken.

The OJ Group has been dealt off to Conwest Exploration Co. Ltd.

The AN Group has been dealt off to McIntyre Porcupine Mines Limited.

The TR Group is retained by Trojan and Buttle. A drilling program for this group is being considered to determine the sub-surface geology and the advisability of further exploration work.

Conwest Agreement

Near the end of October, 1965, the OJ block of 56 claims in the Pine Point area held jointly by Trojan and Buttle was the subject of an exploration agreement with Conwest Exploration

A T E D M I N E S L T D .

Company Limited. This agreement provides for the following work in the following periods: before October 1, 1966, Conwest will, subject to being able to obtain a suitable agreement, carry out an induced polarization survey on a 750 foot grid and at a maximum cost of \$15,000; before October 1, 1967, it must expend a minimum of \$50,000 on exploration of the claims and by so doing becomes entitled to a 30% interest in the property; before October 1, 1968, Conwest must spend a further \$50,000, or a total of \$100,000 on the ground and thereby earn a 55% interest in the property. To continue the agreement in good standing beyond December 1, 1968, Conwest must incorporate a new 3,000,000 share company with a \$1.00 par value. The new company will issue 750,000 treasury shares for the property and Conwest will receive 412,500 of these shares and Trojan and Buttle will share equally in 337,500 shares of the new company. Future financing of the new company will be offered to the three original shareholders on the basis of 55% to Conwest and 45% to Buttle Lake and Trojan Consolidated.

Conwest has reported that a contract for an induced polarization survey of the ground has been let to H.O. Seigel & Associates and will be run as soon as weather permits, provided satisfactory results can be obtained in test lines under the winter conditions.

McIntyre Porcupine Agreement

An agreement has recently been completed with McIntyre Porcupine Mines Limited on the 52 "An" claims, held jointly by your company and Buttle Lake Mining Company Limited, in the Pine Point area of the Northwest Territories. Line cutting, on 750 foot centres, has been completed on these claims and McIntyre has agreed to carry out geophysical surveys on the ground as soon as possible. McIntyre has agreed, under the contract, to make an initial payment of \$15,000, now paid, and to make monthly payments of \$3,000 a month, totalling \$67,500 to both Trojan and its partner. These payments are to continue until October 1969. A new public company is to be formed, which may be done at any time at McIntyre's option. When the new company is formed it is to have an authorized capital of 4,000,000 shares of which 1,000,000 shares will be initially issued with 510,000 shares, 51% to be held by McIntyre and 245,000 shares to be held by each of the partners, Trojan and Buttle. Two of the five directors of the new company are to be appointed by Trojan and Buttle.

Future financing is expected to be provided by McIntyre through the purchase of preferred shares.

TR Claim Group

The directors have instructed H. L. Hill & Associates to consider the advisability of a drilling program on the 91 claim TR Group, the most westerly block in the Pine Point area held by Trojan and Buttle. The program would be carried out to obtain geological information and the core can be used in future planning for induced polarization survey work.

HIGHLAND VALLEY, B.C.

Trojan's interest in the Highland Valley area are: through its holdings of 480,000 shares of Valley Copper Mines Limited which is carrying out exploration under the direction and with the financing of Cominco; through its holdings of almost all of the

issued shares of B.X. Mining Co. which held two properties, one of these was sold to Valley Copper and the other has recently been returned to the company after being under exploration for two years by Anaconda; and through the original Trojan property which is now held by South Seas Mining Co. under a royalty agreement. The agreement on the original Trojan property provided that South Seas pay Trojan \$25,000 on execution of the agreement and \$5,000 a month until a total of \$100,000 has been paid. These monthly payments have been maintained and there is now only one payment to be made. In addition to these cash payments Trojan is to receive a royalty of 20c per ton on the first 2,500 tons per day produced, 15c per ton on the next 2,500 tons per day produced and 10c per ton on everything over 5,000 tons per day produced.

South Seas is reported to be having success in the exploration of the Trojan property with the work being done in areas not extensively explored by earlier programs.

BRENDA LAKE AREA — OKANAGAN VALLEY

Negotiations have been underway for some time on several blocks of ground in the immediate area of the Brenda Mines property, located 15 miles northwest of Peachland, in the Okanagan Valley. The Brenda Mines has recently completed the raising of \$700,000 for the next stage of exploration on its property which appears to contain a very large tonnage of low grade copper-molybdenum mineralization.

While Trojan has not yet completed an agreement covering the Brenda area claims there appears to be every likelihood that an agreement will be concluded.

DOMINIC LAKE, B.C.

During the field season the company, in partnership with Buttle Lake, acquired 124 claims in the Dominic Lake area, on Greenstone Mountain, about half way between the Highland Valley and the Kamloops Copper mining camps. A preliminary program was carried out using a D7 bulldozer to cut lines and open the ground for prospecting. This work showed several large areas containing scattered copper-molybdenum mineralization. The program will be continued in the Spring.

GREY GROUP, B.C.

The company carried out a program of soil sampling, prospecting and geophysical examination of the Grey group of claims in the Rossland, B.C. area. The results were disappointing and the property option was allowed to lapse.

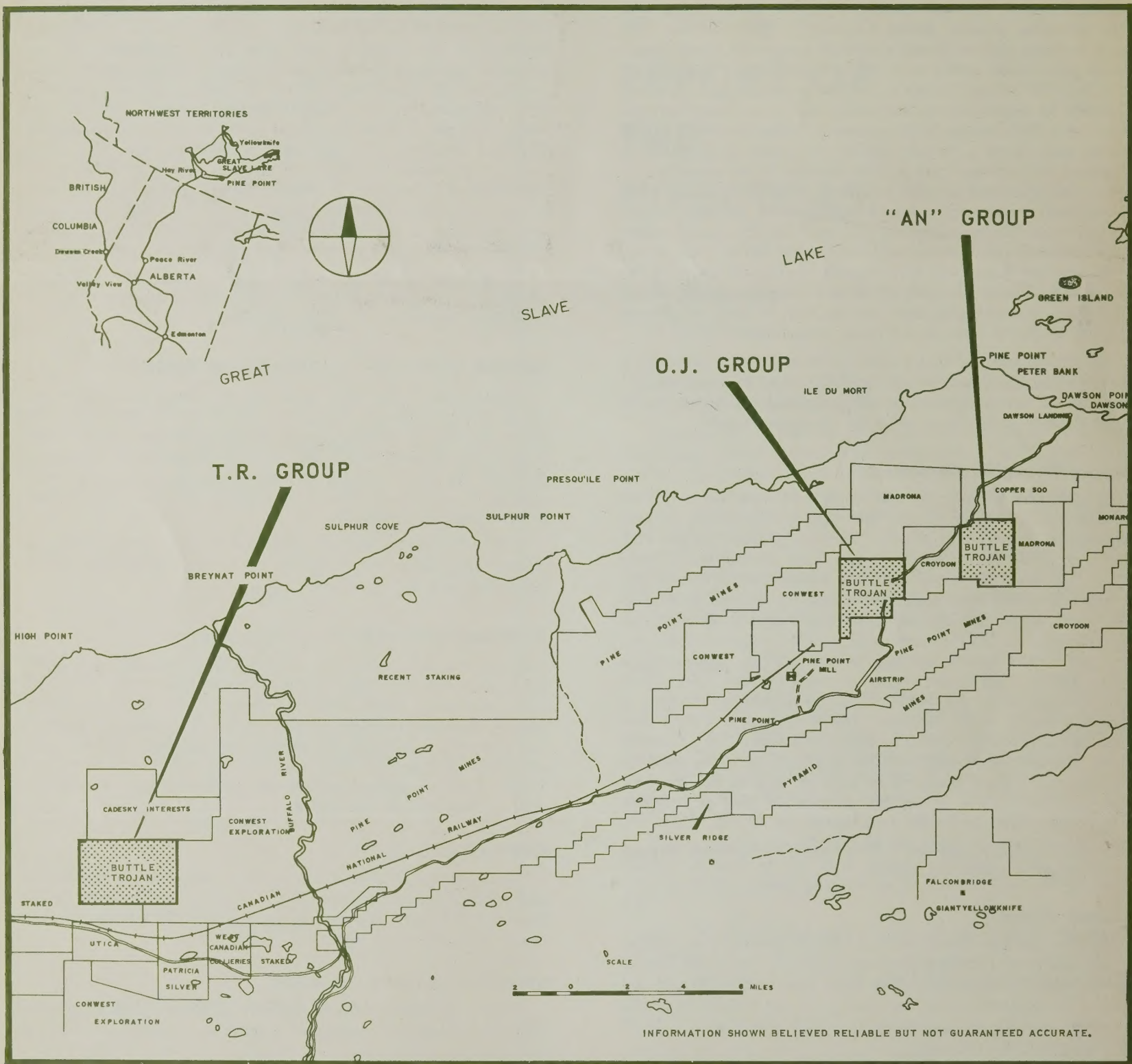
STRONG TREASURY POSITION

Trojan at present has a treasury position of approximately \$100,000 in cash and marketable investments available for exploration work as warranted.

Your company presently has a fine portfolio of properties plus a good treasury position and the directors look forward to 1966 with enthusiasm and optimism.

Respectfully submitted on behalf of the board of directors,

P. A. CRAMOND, President.



PINE POINT AREA MAP